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and employee coverage to the same extent as though the employer or employee were subject to the workers' compensation laws.

(b) Public liability insurance covering all operations under the contract shall have limits for bodily injury or death of not less than \$1 million each occurrence, limits for property damage of not less than \$1 million each occurrence, and \$1 million aggregate for accidents during the policy period. A single limit of \$1 million of bodily injury and property damage is acceptable. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

(c) Automobile liability insurance on all motor vehicles used in connection with the contract, whether owned, non-owned, or hired, shall have limits for bodily injury or death of not less than \$1 million per person and \$1 million per occurrence, and property damage limits of \$1 million for each occurrence. This required insurance may be in a policy or policies of insurance, primary and excess including the umbrella or catastrophe form.

(d) When a borrower contracts for the installation of major equipment by other than the supplier or for the moving of major equipment from one location to another, the contractor shall furnish the borrower with an installation floater policy. The policy shall cover all risks of damage to the equipment until completion of the installation contract.

§ 1788.49 Contractors' bond requirements.

Construction contracts in amounts in excess of \$250,000 for facilities shall require contractors to secure a contractors' bond, on a form approved by RUS, attached to the contract in a penal sum of not less than the contract price, which is the sum of all labor and materials including owner-furnished materials installed in the project. RUS Form 168b is for use when the contract exceeds \$250,000. RUS Form 168c is for use when the contractor's surety has accepted a Small Business Administration guarantee and the contract is for \$1,000,000 or less. For minor construction contracts under which work will

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be done in sections and no section will exceed a total cost of \$250,000, the borrower may waive the requirement for a contractors' bond.

§ 1788.50 Acceptable sureties.

Surety companies providing contractors' bonds shall be listed as acceptable sureties in the U.S. Department of Treasury Circular No. 570. The circular is maintained through periodic publication in the FEDERAL REGISTER and is available on the Internet under <ftp://ftp.fedworld.gov/pub/tel/sureties.txt>, and on the Department of the Treasury's computer bulletin board at 202-874-6817.

§§ 1788.51–1788.53 [Reserved]

§ 1788.54 Compliance with contracts.

It is the responsibility of the borrower to determine, before the commencement of work, that the engineer, architect, and the contractor have insurance that complies with their contract requirements.

§ 1788.55 Providing RUS evidence.

When RUS shall specifically so direct, the borrower shall also require the engineer, the architect, and the contractor, to forward to RUS evidence of compliance with their contract representative of the insurance company and include a provision that no change in or cancellation of any policy listed in the certificate will be made without the prior written notice to the borrower and to RUS.

PART 1789—USE OF CONSULTANTS FUNDED BY BORROWERS

Subpart A—Policy and Procedures With Respect to Consultant Services Funded by Borrowers—General

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Subpart A—Policy and Procedures With Respect to Consultant Services Funded by Borrowers—General

§ 1789.150 Purpose.

This part sets forth policies and the procedures for implementing subsection (c) of section 18 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 *et seq.*) (RE Act) which authorizes the Rural Utilities Service (RUS) to use the services of Consultants funded by the Borrowers to facilitate timely action on Applications by Borrowers for financial assistance and other approvals.

§ 1789.151 Definitions.

As used in this part:

Administrator means the Administrator of the Rural Utilities Service (RUS).

Application means a request for financial assistance under the RE Act or such other approvals as may be required of the RUS pursuant to the terms of outstanding loan or security instruments or otherwise.

Borrower means any organization which has an outstanding loan(s) made or guaranteed by RUS or its predecessor agency, the Rural Electrification Administration (REA) under the RE Act or any organization which has submitted or submits an Application before RUS.

Consultant means a person or firm which has been retained pursuant to this subpart under a contract to provide financial, legal, engineering, environmental, or other technical advice and services.

Consultant Contract means a contract for the performance of consulting services for RUS, to be paid using funds provided by a Borrower, which may be in the form of a Retainer Contract, purchase order, or other form as may be appropriate.

Escrow Account means an account established pursuant to § 1789.158.

Escrow Agreement means an agreement, between a Borrower, a Consultant and a Third-party Commercial Institution, meeting the requirements of § 1789.167.

Final Invoice means the closing Invoice prepared for a given Task Order.

Financial Consultant means a Consultant retained pursuant to this part to provide financial advisory services.

Funding Agreement means an agreement, between a Borrower and a Consultant, providing for the Borrower to fund the costs of a Task Order and otherwise meeting the requirements of § 1789.166.

Indemnification Agreement means an agreement by a Borrower meeting the requirements of § 1789.162.

Invoice means an invoice prepared by a Consultant pursuant to the terms of a Consultant Contract.

Legal Consultant means any Consultant retained pursuant to this part to provide legal services to RUS.

Notice of Proposal to Fund means a notice meeting the requirements of § 1789.156 provided to RUS by the Borrower.

Organizational conflict of interest means that because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the Government, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

Retainer Contract means a Consultant Contract providing for a minimum required payment to a Consultant irrespective of whether services are utilized by RUS thereunder.

Task Order means a written request for consultant services pursuant to the terms of a Consultant Contract.